

## FUND 090 PUBLIC SCHOOL OPERATING

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### ***Board of Supervisors' Adjustments***

***The following funding adjustments reflect all changes to the FY 2004 Advertised Budget Plan, as approved by the Board of Supervisors on April 28, 2003:***

- ◆ The Board of Supervisors approved an increase of \$833,014 in expenditures reflecting the increase in the County General Fund Transfer approved at the *FY 2003 Third Quarter Review* carried over to FY 2004.
- ◆ The Board of Supervisors made no changes to the County General Fund Transfer contained in the FY 2004 Advertised Budget Plan. The FY 2004 General Fund Transfer for school operations totals \$1,238,475,201, an increase of \$69,599,934, or 5.95 percent over the *FY 2003 Revised Budget Plan* transfer of \$1,168,875,267.

***The following funding adjustments reflect all approved changes to the FY 2003 Revised Budget Plan from January 1, 2003 through April 21, 2003. Included are all adjustments made as part of the FY 2003 Third Quarter Review:***

- ◆ In accordance with Board policy, 40 percent of the available *FY 2003 Third Quarter Review* balance or \$1.17 million was allocated to the Revenue Stabilization Fund, with the remaining balance or approximately \$1.70 million divided between the School Operating Fund and the County General Fund. Based on this action the School Operating Fund received an increase in the County General Fund Transfer of \$833,014.
  - ◆ The Board of Supervisors approved the School Board's *FY 2003 Third Quarter Review* request, which decreased expenditures to the School Operating Fund by \$37,773,707, decreased the Transfer Out to the School Grants and Self-Supporting Fund 192 by \$610,000, increased the Transfer Out to the School Adult and Community Education Fund 193 by \$900,000, and increased the Transfer Out to the School Construction Fund 390 by \$935,948.
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## FUND 090 PUBLIC SCHOOL OPERATING

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### ***County Executive Proposed FY 2004 Advertised Budget Plan***

#### **Purpose**

Expenditures required operating, maintaining, and supporting the instructional program of Fairfax County Public Schools are recorded in the Public School Operating Fund. These expenditures include the costs for salaries and related employee benefits, materials, equipment, and services to continue current programs as well as costs for projected changes in membership and inflation. Revenue to support these expenditures is provided by a transfer from the County General Fund, State, and Federal aid, tuition payments from the City of Fairfax, and other fees and transfers.

It should be noted that the following fund statement reflects the FY 2004 Fairfax County Public Schools Superintendent's Proposed Budget. Adjustments to this fund, adopted by the Fairfax County School Board on February 13, 2003, will be discussed in the Overview Volume of the FY 2004 Advertised Budget Plan. However, all financial schedules included in the FY 2004 Advertised Budget Plan have been adjusted to reflect the funding level commensurate to a 6.03 percent increase in the General Fund transfer to Fairfax Public Schools. This is consistent with the Board of Supervisors' guidelines, which holds the rate of increase in the School Operating Fund transfer to the projected increase in County General Fund revenue. The proposed County General Fund transfer for school operations in FY 2004 totals \$1,238,475,201, an increase of \$70,432,948, or 6.03 percent, over the *FY 2003 Revised Budget Plan* transfer of \$1,168,042,253. Of this amount, \$1,621,364 represents the eighth year of a ten-year program to eliminate the County's outstanding unfunded teachers' liability.

Teachers' salaries are paid by contract over a twelve-month period ending in August. Consequently, in order to reflect the total teachers' salaries in the year that services are rendered, an accrual is made at the end of the fiscal year for the payroll liability arising from those teachers' salaries to be paid in the first two months of the succeeding year. Therefore, expenditures for July and August are recorded in the fiscal year in which they are earned and budgeted. However, prior to FY 1984, salaries for the month of July and August were paid and recorded in the next fiscal year. The result is an unfunded liability.

In FY 1984, the County began a program to eliminate the unpaid liability for educational employees' salaries and benefits over a ten-year period, which was to begin in FY 1984 and to continue through FY 1994. However, due to the 1990 recession, FY 1990 was the seventh and last year that the teachers' unfunded liability payment was funded. At that time the County's remaining outstanding liability was \$16,213,640. In FY 1997, the County resumed funding the teachers' liability payment with a new ten-year plan with scheduled payments of \$1,621,364 per year. The scheduled FY 2004 payment will be the eighth year of the School Board's Advertised new ten-year plan, and will reduce the outstanding liability balance to \$3,242,728.

It should be noted that the Fairfax County Public Schools Superintendent's Proposed Budget reflects a General Fund transfer of \$1,259,768,611, an increase of \$91,726,358, or 7.9 percent, over the FY 2003 transfer level. In order to fund the \$21,293,410 increase above the budget guidelines, additional resources would need to be considered by the Board of Supervisors.

# FUND 090 PUBLIC SCHOOL OPERATING

## FUND STATEMENT

### Fund Type G10, Special Revenue Funds

### Fund 090, Public School Operating Fund

	FY 2002 Actual <sup>1</sup>	FY 2003 Adopted Budget Plan	FY 2003 Revised Budget Plan <sup>2</sup>	FY 2004 School Board Advertised	FY 2004 Adopted Budget Plan <sup>3</sup>
<b>Beginning Balance</b>	<b>\$52,746,527</b>	<b>\$10,000,000</b>	<b>\$77,622,846</b>	<b>\$44,164,266</b>	<b>\$44,997,280</b>
Revenue:					
Sales Tax	\$104,422,309	\$107,173,229	\$108,629,742	\$114,628,508	\$113,298,063
State Aid	215,098,818	205,584,896	192,491,161	178,079,418	197,049,559
Federal Aid	31,486,890	31,025,538	36,843,620	34,515,876	34,515,876
City of Fairfax Tuition	25,950,550	27,350,000	26,927,421	29,085,000	29,085,000
Tuition, Fees, and Other	10,975,181	8,724,876	9,670,123	9,459,801	9,459,801
<b>Total Revenue</b>	<b>\$387,933,748</b>	<b>\$379,858,539</b>	<b>\$374,562,067</b>	<b>\$365,768,603</b>	<b>\$383,408,299</b>
Transfers In:					
County General Fund (001)	\$1,079,911,756	\$1,167,861,517	\$1,168,875,267	\$1,259,768,611	\$1,238,475,201
School Insurance Fund (590)	1,516,947	0	0	0	0
<b>Total Transfers In</b>	<b>\$1,081,428,703</b>	<b>\$1,167,861,517</b>	<b>\$1,168,875,267</b>	<b>\$1,259,768,611</b>	<b>\$1,238,475,201</b>
<b>Total Available</b>	<b>\$1,522,108,978</b>	<b>\$1,557,720,056</b>	<b>\$1,621,060,180</b>	<b>\$1,669,701,480</b>	<b>\$1,666,880,780</b>
Total Expenditures	\$1,418,384,288	\$1,525,256,289	\$1,546,909,400	\$1,643,448,729	\$1,638,332,823
Transfers Out:					
School Construction Fund (390)	\$13,350,351	\$14,540,709	\$13,172,173	\$10,691,514	\$13,091,514
School Grants & Self-Supporting Fund (192)	11,382,456	16,529,685	13,687,954	14,120,945	14,016,151
School Adult & Community Education Fund (193)	1,100,131	1,100,131	2,000,131	1,100,131	1,100,131
School Health & Flexible Benefits Fund (591)	268,906	293,242	293,242	340,161	340,161
<b>Total Transfers Out</b>	<b>\$26,101,844</b>	<b>\$32,463,767</b>	<b>\$29,153,500</b>	<b>\$26,252,751</b>	<b>\$28,547,957</b>
<b>Total Disbursements</b>	<b>\$1,444,486,132</b>	<b>\$1,557,720,056</b>	<b>\$1,576,062,900</b>	<b>\$1,669,701,480</b>	<b>\$1,666,880,780</b>
<b>Ending Balance</b>	<b>\$77,622,846</b>	<b>\$0</b>	<b>\$44,997,280</b>	<b>\$0</b>	<b>\$0</b>

<sup>1</sup> FY 2002 Actuals reflect audit adjustments included in the FY 2002 Comprehensive Annual Financial Report (CAFR). As a result of an accounting change per the GASB statement number 34, a one-time adjustment of \$2.5 million was made in the annual leave liability, resulting in an increase in the FY 2002 beginning balance. Other audit adjustments result in a net increase of \$0.36 million in revenue and a decrease in expenditures of \$1.25 million.

<sup>2</sup> The FY 2003 Revised Budget Plan reflects adjustments adopted by the Fairfax County School Board on March 27, 2003, during their FY 2003 Third Quarter Review. The Fairfax County School Board adjustments were officially reflected in the County's FY 2003 Third Quarter Review, and approved by the Board of Supervisors on April 21, 2003.

<sup>3</sup> Reflects an additional \$44,997,280 in projected FY 2003 ending balance to be carried over to balance the FY 2004 budget.